

Message Text

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PAGE 01 BONN 00562 111739Z

46

ACTION EUR-06

INFO OCT-01 ISO-00 EB-05 DRC-01 RSC-01 /014 W

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P R 111624Z JAN 74

FM AMEMBASSY BONN

TO USDOC WASHDC PRIORITY

INFO SECSTATE WASHDC 9673

USMISSION BERLIN

AMCONSUL BREMEN

AMCONSUL DUESSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

AMEMBASSY PARIS

AMEMBASSY LONDON

AMEMBASSY STOCKHOLM

AMEMBASSY ROME

AMEMBASSY BRUSSELS

AMEMBASSY THE HAGUE

AMCONSUL MILAN

UNCLAS BONN 0562

FOR: BIC/OIM, CLARK/TRAFTON

E.O. 11652: N/A

TAGS: BEXP, EFIN, ASUP, GW

SUBJECT: FOREIGN EXHIBITORS EXEMPTED FROM VALUE-ADDED TAX

1. EXEMPTION FROM THE VALUE-ADDED TAX (TVA) HAS BEEN GRANTED BY THE GERMAN GOVERNMENT TO FOREIGN EXHIBITORS AT TRADE FAIRS IN GERMANY, ACCORDING TO A RULING OF DECEMBER 14, 1973. THE EXEMPTION HAS BEEN INTERPRETED TO COVER THE RENTAL OF SPACE, CONSTRUCTION AND FURNISHING OF EXHIBIT STANDS, TRANSPORTATION OF EXHIBIT GOODS WITHIN GERMANY TO AND FROM SHOWS, AND ADVERTISING AND PUBLIC RELATIONS SERVICES PROVIDED BY FIRMS IN GERMANY TO FOREIGN EXHIBITORS.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 BONN 00562 111739Z

2. THE DEPARTMENT OF COMMERCE AND ALL US EXHIBITORS WHOSE

HEADQUARTERS ARE IN THE US ARE COVERED BY THIS EXEMPTION. SINCE THE EXEMPTION WAS EFFECTIVE JULY 1, 1973, IT WOULD APPERA THAT RECOVERY OF THE TVA PAID BY COMMERCE TO VARIOUS CONTRACTORS FOR SHOWS HELD IN GERMANY DURING THE LATTER HALF OF 1973 (LASERS, ENVITEC AND SYSTEMS) IS POSSIBLE. THE EMBASSY'S CONTRACTING OFFICER IS NOW INITIATING ACTION TO RECOVER THESE FUNDS. THE TRADE CENTER IN FRANKFURT IS ALSO COVERED BY THIS EXEMPTION AND WILL REPORT SEPARATELY ON ACTION IT MAY TAKE TO RECOVER TVA PAYMENTS. COMMERCE WILL BE INFORMED OF THE AMOUNT WHICH THE EMBASSY BELIEVES IS RECOVERABLE UNDER THE NEW RULING AS SOON AS THIS INFORMATION IS AVAILABLE.

3. TWO PHOTOCOPIES OF THE RULING (PUBLISHED IN BUNDES-
STEUERBLATT PART 1, 1973, PAGE 739) WHICH INTERPRETS SECTION
8, PARA 1, NUMBER 11 OF THE TVA LAW, BEING AIRMAILED TRAFON
TODAY, WITH COPIES OF INFORMAL ENGLISH TRANSLATION.

4. ACTION REQUESTED: COMMERCE IS REQUESTED TO DETERMINE
THE EXTENT TO WHICH US LAW OR REGULATION SPECIFY THE
DISPOSITION OF THE TVA FUNDS THAT MAY BE RECOVERED. IF
PERMISSIBLE, WE WOULD LIKE AUTHORITY TO HOLD THE TVA FUNDS
THAT ARE RECOVERED IN A SPECIAL TRUST FUND IN GERMAN MARKS
TO BE UTILIZED, WITH COMMERCE'S APPROVAL, TO IMPROVE AND
EXPAND THE COMMERCIAL PROGRAM IN GERMANY. GUIDANCE ON THIS
MATTER WOULD BE APPRECIATED.
HILLENBRAND

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Disposition Approved on Date:
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